

KENTUCKY DEPARTMENT OF EDUCATION

STAFF NOTE

Review Item:

Audit Update and Review of the Commissioner's and Board's Expenses (Attachments under separate cover).

Applicable Statute(s) or Regulation(s):

KRS 45.149

History/Background:

Several audits have been completed or are currently in process since the last Audit Committee meeting. Some of the audits are conducted by the Office of the Auditor of Public Accounts ("APA") as part of its normal statutory functions, and others are conducted by federal or contract auditors reviewing certain federal programs. At the June meeting, Kentucky Department of Education (KDE) staff will discuss the audits and answer the Audit Committee's questions. Additionally, information on the commissioner's and board's expenses will be presented.

The Internal Audit Charter authorizes the use of the APA to fulfill the internal audit role of KDE.

Updates on audits since February 2010 are as follows:

State Audits:

FY2009 Statewide Single Audit –

The audit covers KDE's financial statements, federal expenditure information, federal programs and IT security governing the controls of MUNIS and SEEK. The audit has been completed and is posted to the APA Web site at [2009 SSWAK Volume I](#) and [2009 SSWAK Volume II](#).

FY2010 Statewide Single Audit –

The audit covers KDE's financial statements, federal expenditure information, federal programs and IT security governing the controls of MUNIS and SEEK. The IT segment of the audit is in progress at this time.

FY09 A-133 School District Reviews –

Desk reviews assist KDE in ensuring that independent audit reports of school districts and other entities meet applicable reporting standards and Office of Management and Budget (OMB) Circular A-133 reporting requirements. APA work is in progress on this audit.

Federal Audits:**Management Evaluation of Nutrition & Health Services -**

The U.S. Department of Agriculture (USDA) evaluates KDE's administration of the National School Lunch Program, School Breakfast Program, State Administrative Expense and various programmatic operations. An exit conference was conducted with USDA on May 7. A draft report will be forthcoming in the next 30 to 60 days.

Schools & Libraries Support Mechanism Funds Examination – E-Rate Audit -

This is a federally-sponsored independent audit to assess compliance with Federal Communications Commission (FCC) rules and to address requirements related to the Improper Payments Information Act. KDE has responded to the draft report and is awaiting final comments from FCC.

Note: The United States Department of Education periodically conducts monitoring of federal programs as deemed necessary to determine compliance with the No Child Left Behind Act and other federal requirements. Such routine visits may or may not result in a formal audit. The audit Committee will receive reports in the event of such an audit.

Impact on Getting to Proficiency:

Efficient and effective financial controls within the Kentucky Department of Education are essential to ensure that monies are used appropriately by KDE and by districts for the purpose of supporting schools and districts in reaching proficiency.

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Deputy Commissioner

Commissioner of Education**Date:**

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